



STATE OF HAWAII  
**REAL ESTATE BRANCH**  
PROFESSIONAL & VOCATIONAL LICENSING DIVISION  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
250 SOUTH KING STREET ROOM 702  
HONOLULU HAWAII 96813  
<http://www.hawaii.gov/hirec>

**MEMORANDUM**

TO: Interested Parties

FROM: Real Estate Commission

SUBJECT: Claim from the Real Estate Recovery Fund

In summary, the law on the real estate recovery fund states that any person aggrieved by an act, representation, transaction, or conduct of a duly licensed real estate broker or salesperson, upon the grounds of fraud, misrepresentation, or deceit, may recover upon the Commission's settlement of a claim or by order of the circuit court or district court of the county where the violation occurred, an amount of not more than \$25,000 per transaction. No action for a judgment which subsequently results in a court order for collection from the real estate recovery fund shall be started later than **two years from the accrual of the cause of action thereon**.

After a judgment based on "fraud, misrepresentation, or deceit" is obtained and after "the aggrieved person has fully pursued and exhausted all remedies available to the person for recovering the amount awarded by the judgment of the court", the court may issue an order "directed to the Commission requiring payment from the real estate recovery fund."

The aggrieved person shall **notify** the Commission in writing **simultaneously** upon filing a complaint in the court and commencing action for a judgment against a real estate licensee which may result in collection from the real estate recovery fund. The notification shall include the statutory notice and two copies of the complaint and any pleadings filed with the courts. The Commission has no forms for claims to the real estate recovery fund.

The Commission will be represented by contracted attorneys and may intervene in and defend any such action. The Commission's attorneys do **not** represent the plaintiffs (aggrieved persons) or the defendants (real estate licensees) but represents the Commission and the statutory interests of the real estate recovery fund.

In addition, the Commission encourages you to file a complaint with the Regulated Industries Complaints Office (RICO) for possible disciplinary action against the real estate licensees. They can be contacted at:

Regulated Industries Complaints Office  
Leiopapa A Kamehameha Building  
235 South Beretania Street, 9th floor  
Honolulu, Hawaii 96813  
Telephone: (808) 587-3222

Should you have any questions, please call (808) 586-2643.